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July 25, 2008

TO: Each Health Deputy

FROM: Wayne K. Sugita, Acting Director  
Alcohol and Drug Program Administration

*Wayne K. Sugita / DH*

SUBJECT: **NEW MILLENNIUM COUNSELING SERVICES**

This is to inform you that the Alcohol and Drug Program Administration (ADPA) has suspended its contractual relationship with New Millennium Counseling Services (NMCS). Attached is a list of NMCS' contract exhibits and funding. The contract expired on June 30, 2008, and ADPA has not processed the agency's renewal agreement.

ADPA will continue to hold NMCS' renewal agreement until the agency resolves two issues. The agency's executive director (ED) advised ADPA that it was facing substantial disallowances resulting from a recent State Department of Alcohol and Drug Programs (SDADP) audit. Although she purchased NMCS in September 2006, she did not have the program re-certified. During a telephone conversation with SDADP, ADPA confirmed that the State plans to disallow all NMCS billings from January 2007 through May 2008 because the ED did not apply for recertification, a requirement when there is a change of ownership. Additionally, ADPA discovered that NMCS' corporate status has been suspended by the Secretary of State.

ADPA staff met with the ED to discuss this issue. The ED indicated she did not know about the corporate status suspension at the time the agency was sold to her, and the previous owner did not disclose it to her. She requested assistance, and ADPA advised her to seek legal counsel and work on getting the corporation reactivated.

The projected total disallowance by SDADP is approximately \$500,000. ADPA will give NMCS time to correct the issues to enable us to collect these monies. We will also work with County Counsel on strategies to recoup the disallowed funding, in the event that DPH is unable to resume contracting with NMCS.

Each Health Deputy  
July 25, 2008  
Page 2

If you have any questions or need additional information, please let me know.

WKS:dhd

Attachment

c: Jonathan E. Fielding, M.D., M.P.H.  
Jonathan E. Freedman  
Tami Omoto-Frias  
Paul H.S. Kim  
Wendy Schwartz

# NEW MILLENNIUM COUNSELING CONTRACT INFORMATION

<u>Contract #</u>	<u>Fac #</u>	<u>Site Address</u>	<u>SPA</u>	<u>SUP</u>	<u>Modality Description</u>	<u>Modality</u>	<u>Original Funding</u>	<u>Current Funding FY 2007-08</u>
H-701125A	1	7868 South Western Avenue Los Angeles CA 90047	6	2	Outpatient Drug Free Services (Federal Drug/Medi-Cal)	ODF (DMC)	\$171,792	\$211,792
H-701125B	1	7868 South Western Avenue Los Angeles CA 90047	6	2	Day Care Habilitative Services (Federal Drug/Medi-Cal)	DCH (DMC)	\$190,507	\$190,507
H-701125C	1	7868 South Western Avenue Los Angeles CA 90047	6	2	Perinatal Outpatient Drug Free Services (Federal Drug/Medi-Cal)	PODF (DMC)	\$55,524	\$15,524
H-701125D	1	7868 South Western Avenue Los Angeles CA 90047	6	2	Perinatal Day Care Habilitative Services (Federal Drug/Medi-Cal)	PDCH (DMC)	\$83,616	\$83,616
							<b>\$501,439</b>	<b>\$501,439</b>